



Department of Justice

FOR IMMEDIATE RELEASE
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AT
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**JUSTICE DEPARTMENT WILL NOT CHALLENGE HEALTH CARE
PLAN TO PROVIDE A HOSPITAL AND PHYSICIAN SERVICES NETWORK**

WASHINGTON, D.C. -- The Justice Department's Antitrust Division, in its continued efforts to help make health care affordable to consumers, has approved an Illinois hospital's proposal to offer a hospital and physician services network that will likely reduce health care costs and provide consumers with a greater choice of care.

The proposal by Saint Anthony Medical Center, a Rockford, Illinois, general acute care hospital, would offer multi-provider preferred provider contracts to employers and other third-party payers.

Assistant Attorney General Anne Bingaman, head of the Antitrust Division, said, "This proposal will provide employers and payers with an additional managed care plan. This should increase competition for managed care plans and should help drive down costs for consumers."

The Department's position was stated in a business review letter from Bingaman to counsel for Saint Anthony.

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Under the proposal, St. Anthony would enter into subcontracts with physicians and another hospital and would offer managed care contracts that would combine St. Anthony and the subcontracting providers as joint preferred providers. All of the subcontracts would be non-exclusive, thereby allowing providers to enter into any other contractual relationships with other providers or third-party payers.

St. Anthony proposes to contract with a second hospital for overflow services to cover services that St. Anthony does not, or can not, provide and for patient choice services to enable the patient to choose between St. Anthony and the subcontracting hospital for service. St. Anthony would limit referrals under both of these provisions to 20 percent of admissions under the contract.

Bingaman's letter said the proposal's safeguards made collusion or other anticompetitive behavior unlikely. Since all of the subcontracts will be non-exclusive, St. Anthony and the subcontracting providers can compete independently for the same and other contracts. Also, since the subcontracting hospital will be limited to only 20 percent of admissions for patient choice referrals, it would be motivated to compete with St. Anthony for a larger share of the managed care business.

Under the Department's business review procedure, an organization may submit a proposed action to the Antitrust

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Division and receive a statement whether the Division will challenge the action under the antitrust laws.

A file containing the business review request and the Department's response may be examined in the Legal Procedure Unit of the Antitrust Division, Room 3233, Department of Justice, Washington, D.C. 20530. After a 30-day waiting period, the documents supporting the business review will be added to the file.

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